

Testimony of John J. Sweeney
President
American Federation of Labor and Congress of Industrial Organizations
Before the Senate Finance Committee
on the Jordan Free Trade Agreement

March 20, 2001

Mr. Chairman, members of the Committee, I thank you for the opportunity to speak to you today about the Jordan Free Trade Agreement (FTA), on behalf of the thirteen million working men and women of the AFL-CIO.

The agreement signed by the United States and Jordan last October represents a significant first step towards incorporating enforceable workers' rights and environmental protections into a bilateral trade agreement, and I would like to commend Ambassador Charlene Barshefsky and her team for the hard work they did and for the progress represented by the agreement.

The commitments made by the United States and Jordan to safeguard workers' rights and the environment could not be more reasonable or modest. The agreement received overwhelming and diverse support in Jordan – from both the General Federation of Jordanian Trade Unions *and* from the Jordanian American Business Association (the American Chamber of Commerce in Jordan) when it was signed last fall by King Abdullah and President Clinton. I find it extraordinary that the objections to this agreement are coming from many here in the United States who are proud to call themselves free traders.

What exactly does the agreement do? The Jordan FTA reaffirms both countries' commitments to uphold the core workers' rights identified by the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and requires both countries to effectively enforce their own labor and environmental laws, with the possibility of invoking dispute resolution in the case of failure to do so. The ILO is a tripartite agency of the United Nations, in which more than 174 countries are represented by governments, employers, and workers' delegates. In the Declaration, all members of the ILO pledged to uphold these core rights, regardless of whether they had ratified the underlying conventions.

The Jordan agreement also commits both Parties to significant transparency-enhancing measures, both at the WTO and in the dispute resolution procedures of the FTA. They agree to solicit and consider public views, to make public their dispute resolution panel submissions within ten days, to open oral presentations to the public, to accept friend-of-the-court submissions by individuals or non-governmental organizations, and to release reports to the public at "the earliest possible time." Both Parties also agree to support discussions on workers' rights at the WTO.

Let me take a moment here to reinforce just how moderate and reasonable these provisions are, as I know that both the Bush Administration and many in the business community have expressed

concern about the "troubling precedent" established by this agreement. **The United States and Jordan both agreed to enforce their own labor and environmental laws and to live up to their international obligations to respect core workers' rights.** These rights include freedom of association and the right to bargain collectively, and prohibitions on child labor, forced labor and discrimination in employment. I find it hard to believe that anyone can stand up with a straight face and argue that the United States is unable or unwilling to live up to these commitments.

These modest commitments will be enforced through a simple and straightforward dispute resolution mechanism. A process beginning with consultations gives four separate opportunities for the Parties to reach a mutually agreeable resolution to the dispute. If, at the end of that process, the matter is still not resolved, then "the affected Party shall be entitled to take any appropriate and commensurate measure." In the case of a dispute over labor rights, an "appropriate measure" might be an ILO delegation, a training program for workplace inspectors, a monetary fine, or the withdrawal of trade benefits under the agreement.

Apparently, it is the very remote possibility that a trade sanction might be levied to protect the rights of workers in Jordan or the United States that has aroused such deep concern over these provisions. While trade sanctions are implemented routinely to protect copyright or patent laws or to enforce commercial provisions of trade agreements, many in the policy elite here in Washington seem to feel that such sanctions should be reserved to protect corporate concerns, but not those affecting workers or the environment.

We in the labor movement and many of our colleagues in the environmental movement do not accept the argument that trade sanctions only work when protecting profits and corporate rights. We believe that the protection of workers' fundamental human rights at the workplace and the protection of the environment are no less important than and deserve equivalent treatment to corporate concerns in trade agreements.

And the American public overwhelmingly agrees with us. The University of Maryland's Program on International Policy Attitudes found in a 1999 poll that 93% of those surveyed agreed that "countries that are part of international trade agreements should be required to maintain minimum standards for working conditions," and 77% felt "there should be more international agreements on environmental standards." Polls conducted by Business Week and the Association of Women in International Trade find similarly high levels of support (ranging between 75% and 95%) for including workers' rights, human rights, and environmental standards in trade agreements. In fact, unless we begin to see concrete progress in this area, the opposition to current trade policies and the international financial institutions will continue to grow – both here and around the world.

Our brothers and sisters in the Jordanian unions told us these labor rights provisions would help them in their efforts to ensure that Jordanian labor laws are effectively enforced, especially in some of the newly established export processing zones. And we certainly hope that these provisions will reinforce the obligations of the U.S. government to enforce our own laws vigorously and to live up to our international obligations to "respect, promote, and realize" the ILO's core labor standards.

Despite the support of both governments, unions in both countries, and the Jordanian business community, some elements in the American business community have come out publicly against the labor and environmental provisions in the agreement. When the agreement was signed last October, the U.S. Chamber of Commerce issued a press release declaring its opposition to including workers' rights in trade agreements and vowing to work with Congress to "remove the unnecessary non-trade provisions" from the Jordan agreement. Some Republican members of Congress have since echoed this call.

In the past, opponents of protecting workers' rights and the environment in trade agreements have argued that the main problem with attempting to negotiate these provisions in trade agreements is that the developing country governments are opposed to them (and that therefore such demands will derail the negotiating process). That argument obviously does not apply in this situation, so it is worthwhile asking: what is the real objection of the American big business community to including enforceable workers' rights and environmental protections in trade agreements – if both sides are willing to make this commitment?

The truth is that if so-called free trade agreements don't protect the rights of some businesses to exploit and repress workers and trash the environment, then the multinational corporations represented by the Chamber of Commerce do not actually support trade liberalization.

The multinational corporations have revealed themselves as the real protectionists in the global economy: If they can't control the agenda and the contents of trade agreements to protect their interests and none others, they will threaten to derail the entire agreement (which is exactly what the Chamber's promise to "work with Congress" to strip out negotiated elements would do) – despite the damage this might do to a delicate and precarious political situation in the Middle East.

This committee should insist on an early vote to approve the Jordan Trade Agreement without any changes – certainly before the King's visit in April. Jordanian businesses, unions, and government, and the vast majority of the American people are united in calling for enforceable workers' rights and environmental protections in trade agreements. The American business community stands isolated in resisting this constructive and reasonable path forward.

I also want to express strong opposition to the Administration's proposal to bundle the Jordan agreement with other trade bills, including fast track renewal, in order to force a "binary decision on whether one is for or against trade," as U. S. Trade Representative Robert Zoellick told the *Washington Post* last week.

I think we all know that the trade debate in the United States, and around the world, is not about being for or against trade – but about writing rules that will guide global competition into constructive, high-road channels, so that the benefits of increased global trade and investment flows can be equitably distributed. Forcing a vote on a diverse grab bag of bilateral trade agreements, unilateral grants of preference, and fast track authority deprives Congress (and by extension, the American people) from exercising its voice over the content of these agreements. If the Administration has confidence in the democratic process, it will allow each of these agreements to be debated and approved or rejected on its own merits.

The Jordan Free Trade Agreement is not going to solve all the problems of the world, or even fix everything that needs fixing in the labor conditions and environmental standards of the two signatories. But it represents an important first step in recognizing that workers' rights and environmental protections are an integral element of global trade relations and therefore deserve to be addressed on a par with the traditional trade concerns.

I also want to take this opportunity to clarify that the Jordan labor rights language, while appropriate to the U.S.-Jordan FTA, is not automatically applicable to other trade agreements.

While these commitments were an important breakthrough, it should be understood that they are likely to be effective only in the case of trading partners whose laws already conform to ILO standards, as do Jordan's. For countries whose labor laws are inadequate, much more elaborate mechanisms need to be put in place, to ensure that domestic laws are brought up to international standards on a clear timetable.

Labor laws in both Singapore and Chile, two countries with which negotiations toward bilateral free trade agreements have been initiated, do not currently meet ILO standards. Therefore, it is essential that they either reform their labor laws to bring them up to international standards before a trade agreement goes into effect, or that the labor rights language included in the trade agreements contain adequate measures to ensure that such upward harmonization takes place in a timely and structured fashion.

Furthermore, the Jordan FTA was limited to a relatively narrow scope. It did not, for example, cover investment issues, as these were dealt with in a separate agreement. To the extent that new trade agreements cover investment and incorporate new and sweeping commitments in the area of trade in services, then additional provisions will be necessary to ensure that the agreement strengthens and protects workers' rights and does not unduly restrict the ability of governments to regulate in the public interest or provide public services.

Just as trade agreements tailor commercial commitments to the particular circumstances of each trading partner or region, it is also necessary to ensure that labor and environmental provisions are appropriate to each country and agreement to which they are applied.

Neither does the labor movement see the Jordan FTA as an appropriate model for fast track negotiating authority. Choices over how, whether, and under what circumstances to extend trade negotiating authority involve a completely different set of issues than those addressed in the Jordan agreement. The entire process of negotiating trade agreements needs to be made more transparent, democratic, and accessible to ordinary citizens – not just the business community. And as fast track authority is quite likely to apply to agreements with countries whose laws fall short of ILO standards, the Jordan language will clearly not be appropriate in this context.

Any grant of fast track negotiating authority must **require** the inclusion of enforceable workers' rights and environmental standards in the core of any fast-tracked agreement. New trade agreements must provide for upward harmonization, so that countries are in compliance with the core labor standards laid out by the ILO's 1998 Declaration on Fundamental Principles and Rights at Work.

Workers' rights and environmental standards must be covered by the same dispute resolution and enforcement provisions as the rest of the agreement.

*It is **not sufficient** simply to list workers' rights and environmental protections among the negotiating objectives. Workers' rights have been among our negotiating objectives for more than twenty-five years, with very little progress being made.*

The present Administration, in its first two months in office, has already acted aggressively to weaken unions and eliminate crucial workplace protections. Moreover, President George W. Bush has repeatedly stated that he does not believe that standards safeguarding workers' rights and the environment belong in trade agreements.

Given this overt hostility to the interests of working families, it is clear that unless workers' rights and environmental standards are mandated by fast track authority, there is no chance that this Administration will expend the necessary political capital to make progress in this area. The labor movement stands ready to oppose any fast track bill that falls short of this standard.

As I said in a public statement when the Jordan agreement was signed, it represents both an important step forward and "only a small step toward our ultimate goal of making workers' rights and environmental protections an integral part of universally applied international trade rules." Let us protect that small step forward, but ensure that we keep our eyes also on our ultimate goal.

I look forward to your questions and to working with you on these important issues in the months to come.